

**Department of Management and Budget
Acquisition Services**

**Report of Proposed Changes in Excess of \$500,000
To Current Contracts for Computer Software Development,
Hardware Acquisition, or Quality Assurance**

Sec. 713 of Public Act 161 of 2003

(November 4, 2003)

Questions regarding this report may be directed to Jim Konrad, 517-373-0315

November 4, 2003

**BID TABULATION AND RECOMMENDATION FOR AWARD
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES**

CONTRACT DESCRIPTION: 071B2001276 - Health Insurance Portability And Accountability Act Compliance - Department of Information Technology for the Department of Community Health

CONTRACT PERIOD: 1/10/02 through 1/9/05 (2nd Year of 3Year Base Contract)

CONTRACTOR: **INCREASE**

Michigan Public Health Institute, Okemos, MI \$6,688,379.00

☒ - Check if AS1 received by Acquisition Services

☐ - Check if contract is extended - Length of time extended:

DESCRIPTION OF PURCHASE:

Purpose/Business Case: The purpose of this request is to provide additional enhancements to the Medicaid Management Information System in order to meet federal Health Insurance Portability and Accountability Act (HIPAA) requirements. The original contract was bid and established to provide supplemental resources in the areas of Quality Assurance, Project Management, Software Development and Business Analysis to meet federal requirements.

Benefit: This project will make the Medicaid Management Information System compliant with the requirements of HIPAA.

Commitment: Fixed hourly rate, with estimated total based upon agency estimate of hours for each service category.

Risk Assessment: Failure to complete required modifications timely could result in Michigan not being in compliance with Federal requirements.

Cost Reduction Consideration:

A. Negotiated Savings: Reductions resulting from converting individuals from a higher priced labor category to a lower priced labor category amount to \$57,360.00 for the year just completed, and an estimate of \$91,170.00 for the upcoming year. With the combined total of: \$148,530.00.

B. Cost Avoidance: During the upcoming year, 10 positions are being phased out for a projected savings of: \$1,962,378.00.

C. Total Savings: \$2,110,908.00

FUNDING: 90% Federal, 10% State General Fund.

PRICE CLAUSE: Rates shall remain fixed for the duration of the contract period.

CS-138: 391S2000018

ORIGINAL CONTRACT AMOUNT: \$6,632,388.00

CURRENT CONTRACT AMOUNT: \$12,265,680.00

PROPOSED AMENDMENT INCREASE AMOUNT: \$6,688,379.00

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND ORIGINAL CONTRACT AMOUNT: 101%

PERCENTAGE OF CHANGE BETWEEN AMENDMENT AND CURRENT CONTRACT AMOUNT: 55%

ESTIMATED 04 FISCAL YEAR INCREASE: \$6,688,379.00

NEW TOTAL CONTRACT COST: \$18,954,059.00

☒ Check if > \$500,000 for software development, computer hardware acquisition or quality assurance?

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INFORMATION BELOW THIS LINE FOR INTERNAL USE ONLY

Buyer Signature

Manager Signature

Division Director Signature

Acquisition Services Director Signature